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UNITED STATES
DEPARTMENT OF AGRICULTURE
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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

Inspection, Grading and Classing



1. Purpose of the Program

The inspection, grading and classing service provides a system by which U. S. Standards of quality for agricultural products may be uniformly applied to specific lots of produce. This is done to (1) aid the seller in obtaining just market prices; (2) remove the need for personal inspection of products by buyers and sellers of agricultural commodities and by loan agencies; (3) provide a comparable basis for market price quotations throughout the country; (4) provide a basis for settlement of dispute over quality or specifications; and (5) provide a buying guide for consumers.

2. Legislative Authority and History — Permissive Service

The service generally referred to as the "permissive service", which now includes all agricultural commodities and products, except cotton, tobacco and grain, was started during World War I when government food procurement pointed up the need for uniform grades uniformly applied. Authority was included in the "Food Production Act" — a war emergency measure approved August 10, 1917 — to inaugurate an inspection service on fruits and vegetables and other products. During the first year of operation about 6,000 carloads of fresh fruits and vegetables were inspected at terminal markets. This service answered such an evident need on the part of producers and shippers, that it was placed on a continuing basis in 1919 by the insertion of authority for the service including collection of fees and an appropriation in the Annual Appropriation Act for the Department.

The service has expanded greatly since that time. For many commodities it is now a nation-wide service carried on by Federally trained and Federally supervised inspectors.

The authority for this program carried in each Department of Agriculture Annual Appropriation Act through 1954 has been codified as the "Farm Products Inspection Act". The authority now cited is the Agricultural Marketing Act of 1946.

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3. Cooperative Features of the Permissive Program

These permissive inspection activities have been generally based upon cooperation with some organization or agency — private, State or Federal. Prior to September 1938, it was the practice under these cooperative agreements to have collections deposited and accounted for by the cooperating agency. With few exceptions the salaries and other expenses of the inspection and grading personnel were paid by the cooperating agency from these collections and a stipulated percentage or amount was deposited into the Federal Treasury. The balance remaining, if any, was deposited according to the terms of the individual agreements. As prescribed in the GAO Decision A-97205 dated September 15, 1938, procedure was initiated which provided that fees collected under cooperative agreements be deposited to the credit of a Trust Fund and made available for the payment of expenses.

In fiscal year 1955, Federal expenses are financed by an appropriation of less than \$350,000, together with an estimated \$12 million dollars in fees to be collected into Trust Funds. There are 84 cooperative agreements still in effect under which the cooperating agency makes collections and deposits and pays expenses.

A considerable part of the inspection and grading activity is carried on by organizations and agencies in the States under Federal supervision. Information on costs of this portion of the service is not available in the Department since organizations and agencies in the States collect all fees and charges and pay all costs, including Federal supervisory costs.

A thorough understanding of the entire program would necessitate a time-consuming study of each cooperative agreement. The agreements vary according to the State or other cooperating agency involved, the type of commodity involved, and other factors which are too varied and too numerous to present in this brief discussion and in the short time provided.

4. Federal Supervision of Program Operations

All of this service is supervised by Federal employees and is performed primarily by Federal and State, as well as by some non-governmental employees. All employees other than Federal must be licensed in accordance with the Secretary's regulations.

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5. Other Inspection, Classing and Grading Activities

In addition to the permissive inspection service, the Department administers certain specific laws which authorize or require the Department to perform certain inspection, grading or classing activities with respect to grain, cotton and tobacco.

Tobacco

Under the provisions of the Tobacco Inspection Act, tobacco auction markets are designated by the Secretary for free and mandatory inspection service after approval by 2/3 of those voting in a referendum of growers who sell their tobacco at the market.

Grain and Cotton

The use of United States cotton and grain standards is mandatory under the Grain Standards and Cotton Standards Acts. Other standards may not be lawfully used if cotton or grain are sold by grade and shipped in interstate or foreign commerce.

Under the Grain Standards Act the Department licenses grain inspectors, supervises the inspection made by these licensed inspectors and handles appeals for regrading.

Under the Cotton Standards Act the Department licenses cotton classers and supervises the classing of these licensees. Cotton classing is also performed by Federal classers. In addition, the Cotton Futures Act requires that all cotton delivered in settlement of futures contracts be classed by employees of the Government; the Smith-Doxey Amendment to the Grade and Staple Statistics Act authorizes and directs the Secretary to provide without charge a cotton classing service to groups of producers organized to promote cotton quality improvement.

Licensed grain inspectors and cotton classers collect and retain fees for the service they perform.

The Federal cost is financed principally from an appropriation. There are no cooperative agreements for these services except for the inspection of tobacco at other than auction markets as authorized in the Tobacco Inspection Act and one in connection with Smith-Doxey classing.

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AT THE COURT OF THE SHERIFF

IN THE MATTER OF THE ESTATE OF

JOHN W. BROWN

DECEASED

VS.

THE PEOPLE OF THE COUNTY OF LOS ANGELES

FOR

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